

Sixth Cycle Regional Housing Needs Assessment (RHNA) Appeal Request Form
All appeal requests and supporting documentation must be received by SCAG October 26, 2020, 5 p.m.
Appeals and supporting documentation should be submitted to housing@scag.ca.gov.
Late submissions will not be accepted.

Date:

10/26/20

Jurisdiction Subject to This Appeal Filing:

(to file another appeal, please use another form)

City of Costa Mesa

Filing Party (Jurisdiction or HCD)

City of Costa Mesa

Filing Party Contact Name

Jennifer Le

Filing Party Email:

jennifer.le@costamesaca.gov

APPEAL AUTHORIZED BY:

Name: Lori Ann Farrell Harrison

PLEASE SELECT BELOW:

- ☐ Mayor
- ☐ Chief Administrative Office
- ☒ City Manager
- ☐ Chair of County Board of Supervisors
- ☐ Planning Director
- ☐ Other: _____

BASES FOR APPEAL

- ☒ Application of the adopted Final RHNA Methodology for the 6th Cycle RHNA (2021-2029)
- ☒ Local Planning Factors and/or Information Related to Affirmatively Furthering Fair Housing (See Government Code Section 65584.04 (b)(2) and (e))
 - ☐ Existing or projected jobs-housing balance
 - ☐ Sewer or water infrastructure constraints for additional development
 - ☒ Availability of land suitable for urban development or for conversion to residential use
 - ☒ Lands protected from urban development under existing federal or state programs
 - ☐ County policies to preserve prime agricultural land
 - ☐ Distribution of household growth assumed for purposes of comparable Regional Transportation Plans
 - ☐ County-city agreements to direct growth toward incorporated areas of County
 - ☐ Loss of units contained in assisted housing developments
 - ☐ High housing cost burdens
 - ☐ The rate of overcrowding
 - ☐ Housing needs of farmworkers
 - ☐ Housing needs generated by the presence of a university campus within a jurisdiction
 - ☐ Loss of units during a state of emergency
 - ☐ The region's greenhouse gas emissions targets
 - ☐ Affirmatively furthering fair housing
- ☒ Changed Circumstances (Per Government Code Section 65584.05(b), appeals based on change of circumstance can only be made by the jurisdiction or jurisdictions where the change in circumstance occurred)

FOR STAFF USE ONLY:

Date: _____

Hearing Date: _____

Planner: _____

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Brief statement on why this revision is necessary to further the intent of the objectives listed in Government Code Section 65584 (please refer to Exhibit C of the Appeals Guidelines):

Please include supporting documentation for evidence as needed, and attach additional pages if you need more room.

See Attached Letter.

Brief Description of Appeal Request and Desired Outcome:

See attached letter.

Number of units requested to be reduced or added to the jurisdiction's draft RHNA allocation (circle one):

Reduced 5,867 Added _____

List of Supporting Documentation, by Title and Number of Pages

(Numbers may be continued to accommodate additional supporting documentation):

1. Costa Mesa's Submitted Local Planning Factors (19 pgs.)
2. Costa Mesa's submitted RHNA Public Comment Letters (Sept. 12, 2019; Oct. 4, 2019; Nov. 6, 2019; March 3, 2020) (5 pgs.)
- 3.

FOR STAFF USE ONLY:

Date _____

Hearing Date: _____

Planner: _____



CITY OF COSTA MESA

P.O. BOX 1200, COSTA MESA, CALIFORNIA 92628-1200

FROM THE OFFICE OF THE CITY MANAGER

October 26, 2020

Mr. Kome Ajise
Executive Director Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Subject: City of Costa Mesa Appeal of the Sixth Cycle Draft Regional Housing Needs Assessment (RHNA) Allocation

Dear Mr. Ajise:

On behalf of our City Council and the Costa Mesa community, and in accordance with applicable California Government Code ("Government Code") Section 65584.05, the City of Costa Mesa ("City") hereby submits this appeal to the Southern California Association of Governments ("SCAG") of the Draft Regional Housing Needs Assessment (RHNA) Allocation ("Draft RHNA Allocation"), received September 11, 2020, for the Sixth Housing Element Cycle (2021-2029).

The City of Costa Mesa believes that based on the facts of this letter a revision to the Draft RHNA Allocation of 11,733 units is necessary to reflect the current socioeconomic conditions of the City and to further the intent of the statutorily mandated objectives listed in Government Code Section 65584(d). In addition, this appeal is consistent with, and not to the detriment of, the development pattern in the applicable Sustainable Communities Strategy (SCAG's Connect SoCal Plan) developed pursuant to Government Code Section 65080(b)(2) as explained herein. This appeal is based on the following:

- 1) **Local Planning Factors** – *SCAG failed to adequately consider the information previously submitted by the City of Costa Mesa that articulated a variety of local factors that directly influence housing production.*
 - a. *Specifically, this information includes lands preserved or protected from urban development under federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis; and*
 - b. *Availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities.*

- 2) **Changed Circumstances** – *A significant and unforeseen change in circumstances has occurred that supports revisions to the information submitted pursuant to Government Code Section 65584.04(b); and*
- 3) **Methodology** – *SCAG failed to determine the share of the regional housing need in accordance with the information described in and the methodology established pursuant to Government Code Section 65584.04, and in a manner that furthers, and does not undermine, the intent of the objectives listed in Government Code Section 65584(d).*

JUSTIFICATIONS FOR REVISIONS TO COSTA MESA'S RHNA ALLOCATION

1(a) Local Planning Factors: *SCAG failed to adequately consider the information submitted pursuant to Section 65584.04(b). Availability of Land Suitable for Urban Development or for Conversion to Residential Use, the Availability of Underutilized Land, and Opportunities for Infill Development and Increased Residential Densities*

The City has several major constraints on existing lands that severely limit or restrict the City's ability to accommodate growth to the extent identified in the Draft RHNA Allocation. The City participated in the Regional Housing Needs Assessment (RHNA) Local Planning Factor Survey, required to allow jurisdictions to identify local planning factors (formerly known as "AB 2158 Factors") prior to the development of a proposed RHNA methodology, per Government Code Section 65584.04(b). Information collected from the survey is required to be included as part of the proposed RHNA methodology. The City submitted responses to the Local Planning Factors Survey, provided herein as Attachment 1. Additionally, the City provided comments and testimony before SCAG's RHNA Sub-Committee and submitted additional written correspondence to SCAG during the RHNA Methodology process, which articulated these concerns (Attachment 2 – four comment letters submitted to SCAG by the City of Costa Mesa). The City of Costa Mesa has a number of legitimate and justifiable claims to demonstrate SCAG's failure to adequately address local factors that further undermines Government Code Section 65588(d). The following factors, pursuant to Government Code Section 65584.04(e), are relevant to determine the City's ability to accommodate growth and were not adjusted for in the Draft RHNA Allocation.

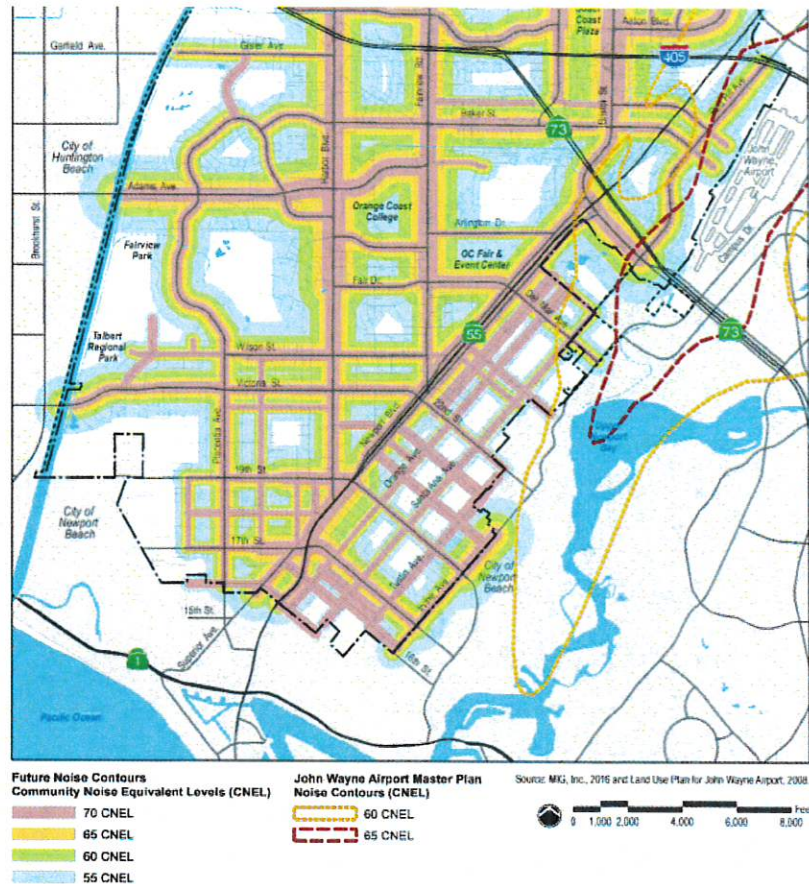
Local Factor – John Wayne Airport Environs Land Use Plan (AELUP)

The City's Airport Area could be considered as one of the City's opportunities to create new residential neighborhoods through the replacement of existing underutilized sites and parking lots. However, lands located within the Airport Planning Area for the John Wayne Airport are subject to the development restrictions of the John Wayne Airport Environs Land Use Plan (AELUP), which limits the ability to develop residential units. Any amendment to the City's General Plan or zoning, including the rezoning for residential use, requires review by the Orange County Airport Land Use Commission (ALUC).

Residential development in the Airport Area is restricted due to the noise impacts and height restrictions of John Wayne Airport. Much of the City's land south of Red Hill Avenue is within the John Wayne Airport Environs Land Use Plan (AELUP) 65 dBA CNEL (Community Noise Equivalent Level) contour, which is unsuitable for residential and other "noise-sensitive" uses per the State's own General Plan Guidelines.

The Citywide Existing Noise Environment Exhibit N-3 (ref: City of Costa Mesa General Plan, 2015) illustrates the future CNEL 65 contours associated with the John Wayne Airport's operation, which includes roughly half of the light industrial land uses between the SR-55 Freeway and the City's southeasterly boundaries. The State's General Plan Guidelines and Technical Advisories (as well as Costa Mesa's adopted General Plan) require that the future noise contours be considered in identifying potential land use/noise compatibility issues and are further used to determine the requirement for project specific noise studies and noise mitigation. In addition, the California Environmental Quality Act (CEQA) also specifically requires consistency with a project's applicable Airport Land Use Plan as a threshold for identifying significant environmental impacts.

Requisite analysis for the Sixth Cycle housing elements will require review of adequacy and feasibility of sites based upon known environmental factors, including noise and safety impacts. The limitation of the use of these sites severely limit the ability for the City of Costa Mesa to accommodate future residential growth and must be considered by SCAG in assigning appropriate RHNA allocations to Costa Mesa, particularly in comparison to cities who do not have similar airport related environmental factors that limit residential development potential.



N-3: Future Noise Contours - 2035

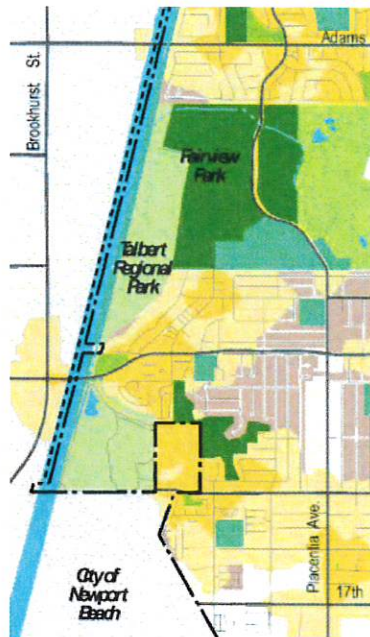
Local Factor – Protected Land Area

Costa Mesa includes 454 acres of protected open space. Fairview Park is a protected open space of 211 acres. There are two Nationally Registered Cultural Resource Historic Sites and five distinct habitat ecosystems, which are home to many rare and endangered plant and animal species within this park. Talbert Regional Park is approximately 244 acres and operated by OC Parks, located North and South of Victoria Street in Costa Mesa between Pacific Avenue and the Santa Ana River. The park includes large areas of protected habitat such as the "Native Grassland" zone, which is the largest zone in the park and provides opportunities for wildlife habitats and the "Wetland Zone" which consists of the southern 14.8 acres and contains elements of riparian woodland and mulefat scrub.

In fact, approximately 25% of Costa Mesa's land area is developed with publicly-owned open space, parks or other public institutional uses such as the County Fairgrounds and contain environmental resources, parkland or other similar resources that render those properties infeasible for housing development.

Requisite analysis for the Sixth Cycle housing elements will require review of adequacy and feasibility of sites based upon known environmental factors, including taking into

consideration the protected status of local and regional open space resources. The limitation of the use of protected open space sites severely limit the ability for the City of Costa Mesa to accommodate future residential growth and must be considered by SCAG in assigning appropriate RHNA allocations to Costa Mesa, particularly in comparison to cities who do not have a similar proportion of land area dedicated to protected lands and open space.



1(b) Local Planning Factors: SCAG failed to adequately consider the information submitted pursuant to Section 65584.04(b). Availability of Land Suitable for Urban Development or for Conversion to Residential Use, the Availability of Underutilized Land, and Opportunities for Infill Development and Increased Residential Densities

Vacant and Underutilized Land

The vacant land in Costa Mesa is restricted to two areas along the 405-Freeway referred to as Home Ranch (44 acres) and Sakioka Lot 2 (33 acres). The combination of these two parcels at maximum density could accommodate a maximum of 2,310 units; however, both of these areas are under a development agreement that is binding until 2030 and 2024 respectively, which are in conflict with the timeline of the 6th Cycle.

The Fairview Developmental Center containing 102 acres is located within the City; however, this site is owned and operated by the State Department of General Services. Although, the City included development of 582 residential units on this site at the 2016 General Plan update, there are no indications that the State will be developing the site in the 6th Cycle timeline and any such decisions are largely outside of the City's control.

Conversion of Industrial and Commercial Land to Residential

Other than the noted areas, there are no other substantial vacant lands for residential development.

One of the factors included within the methodology to determine future RHNA allocations is employment generation. Employment generation is based on the existing job base and the forecast potential for new job creation. Therefore, future employment growth is dependent upon the preservation and expansion of existing inventory of land suitable for employment-generating activities like commercial and industrial land. The significant size of RHNA allocations will force the City to re-designate such land for residential development. This effectively limits the City's ability to create jobs, thus reducing the employment demand factor in the RHNA methodology. As such, there is an inherent flaw in relying nearly exclusively on conversion of commercial and industrial uses to accommodate housing and is an unsustainable system, even if such conversion was feasible.

In the Draft RHNA allocation to the City, SCAG does not appear to have made an effort to determine if there is sufficient non-vacant land in the City that can satisfy the substantial evidence standard and provides no reasonable basis for its allocations in light of these limited land resources. In order to meet its RHNA, the City will need at least 391 acres of available land, assuming a density of 30 units per acre. That means property owners of 391 acres of land in the City must conclude that a conversion of some, or all, of their land to a residential use is more advantageous based on market forces than the land's current commercial or industrial use. Before assigning the City its Draft RHNA, SCAG should have included a reasonable level of analysis as to the availability of land upon which the City would be able to plan for its RHNA. If the City cannot facilitate enough landowners to make their land available for housing through various regulatory incentives, as described in HCD Guidebook during the limited 8-year cycle timeline, the City will have very limited alternatives and could face severe consequences. The State should not punish the City for a lack of land resources to accommodate a housing mandate, particularly when that mandate was made without a reasonable factual basis to begin with.

Housing Market Conditions

Housing market conditions also play a vital role in determining the feasibility or realistic potential of non-vacant sites and/or underutilized sites for residential development. For example, the City experienced an uptick in the live/work and residential development in 2012-2018; however, with the high land values, development on multi-ownerships lots have slowed down in the recent years. SCAG should have made some reasonable effort to ascertain the impact of local market conditions on the feasibility for redevelopment or reuse strategies, which are significantly different from county to county in the SCAG region. This is particularly true when the City has provided information demonstrating a

lack of non-vacant land resources that is disproportionate compared to other cities in the SCAG region with much more vacant land.

Representative Development Capacity

The following is representative of current land uses and market trends in Costa Mesa and the overall residential capacity of the City's vacant land as well as existing overlay areas.

Land Use	Acres	Current Zoning / Density	Max. Residential Capacity
Westside Overlay districts from 2006-2019	515 acres	933 units (20 du/acre, includes 185 assisted living facility) (53 du/ year)	533 units
Residential Incentive Overlay District	12 acres	425 units (40 du/acre)	425 units
SoBECA	39.2 acres	450 units	450 units
Vacant Sites (under Development Agreements)	77 acres	Sakioka – 660 units Home Ranch – 0 units	660 units
Fairview Developmental Center	102 acres' total (10 acres for residential)	582 units; Under State control	582 units
Total	653.2 residential acres		2,200 units

(2) Changed Circumstances – A significant and unforeseen change in circumstances has occurred that supports revisions to the information submitted pursuant to Government Code Section 65584.04(b).

During the RHNA methodology development process, City of Costa Mesa submitted a total of four letters to SCAG providing general comments on the methodology as well as voicing the City's concern with the factors included in the methodology. These letters are included as Attachment 2. Following the effects of the pandemic, City of Costa Mesa strongly believes that data adjustment is necessary to further the intent of the objectives in Government Code because a major component of the RHNA methodology is focused around job accessibility, which has drastically changed since the COVID-19 pandemic and has disproportionately affected Costa Mesa compared to other cities.

Jobs / Housing Balance and Reduced Travel Time

The COVID-19 pandemic has had a noticeable impact on Costa Mesa's economy and the unforeseen circumstances that were not considered during the development of regional RHNA methodology and will have lasting impacts to the Orange County and City of Costa Mesa's economy and housing market. Additionally, population and job growth trends in

California have recently been revised to reflect a substantially lower rate of growth in the region.

With the on-going restrictions imposed by the pandemic, there has been significant impact on all aspects of Costa Mesa's economy. With many job opportunities supportive to the tourist and hospitality industries now gone and with restaurants and retail shopping centers operating at a fraction of its pre-COVID-19 levels, it is estimated it will take years for the local economy to return to pre-COVID-19 levels. Because this was an unforeseen circumstance, the impacts to the economy of the City and consequently to the housing market are profound and should be a consideration when evaluating realistic development potential over the eight (8)-year RHNA planning period.

The City of Costa Mesa also believes that the "Change in Circumstance" provision could also be applied to two of the major factors included in the RHNA methodology which are assigning 50 percent of regional existing need based on a jurisdiction's share of region's population within the high quality transit areas and 50 percent of regional existing need based on a jurisdiction's share of the region's jobs that can be accessed within a 30-minute driving commute. The latest data on the increase vacancy in office use, the significant increase in the number of office workers working from home and the potential for continuation of this trend warrants a re-evaluation or adjustment in the factors related directly to 30-minute commute time.

Transit Ridership

One of the main factors in the approved RHNA methodology is assigning 50 percent of regional existing need based on jurisdiction's share of region's population within the High Quality Transit Areas (HQTAs). The draft RHNA methodology uses the 2045 HQTAs, which are areas that are within a half-mile of transit stations and corridors that have at least fifteen (15) minute headway (time in between the next scheduled service) during peak hours for bus service. Other types of transit, such as commuter rail service that are typically more reliable, better funded and regularly scheduled are included under the same definition. As shown with the bus rider service data, bus service is not an efficient mode of transportation in Orange County. The bus service identified under HQTAs provide frequent service only during peak hours and off-hours and weekend service is very limited. However, this type of service is lumped in with other much more effective transit options available in other cities (like the Metrolink and Amtrak commuter train stations located in the cities of Santa Ana and Orange for example) and cities are subject to the same methodology in distribution of RHNA.

Furthermore, since the pandemic has affected transit use, the Orange County Transit Authority (OCTA) has worked with a market research firm to conduct a scientific survey during July 2020 (post COVID-19). Some of the key takeaways from the survey include:

- Unemployment increased from 4% to 18% between February and June;
- Working from home increased from 0.8 days per week to 2.6 days per week;
- Working exclusively from home increased from 12% to 47%;

- Once the pandemic is over, about half of employees prefer to maintain (or increase) the percentage of days they work remotely; and
- Reductions in transit, active transportation, rideshare, and driving are occurring for a mix of reasons.

Additional information on the OCTA research / survey can be found in the link below:
<https://www.octa.net/About-OCTA/Publications/Market-Research/>

In addition, 2020 data from OCTA indicates that the ridership of bus lines starting and ending in Costa Mesa has decreased by approximately 50,000 riders per month. The significant drop in ridership indicates that individuals are working from home or using other modes of transportation such as private vehicles or bikes to get to the job centers in Costa Mesa. This information warrants re-evaluating some of the main factors that were included in the RHNA methodology that resulted in a disproportionate distribution of units to cities like Costa Mesa with strong job markets.

(3) Methodology – SCAG failed to determine the share of the regional housing need in accordance with the information described in, and the methodology established pursuant to Section 65584.04, and in a manner that furthers, and does not undermine, the intent of the objectives listed in Section 65584(d).

The Methodology Fails to Consider Growth Projections Consistent with the SoCal Connect Plan. SCAG failed to adequately consider local household growth factors and utilized growth projections inconsistent with the Connect SoCal Plan.

Utilization of projected household growth consistent with the Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS) (Connect SoCal) is consistent with State law. However, the Draft RHNA Allocation would not be consistent with the development patterns projected in the Connect SoCal Plan. These forecasts are to be developed in conjunction with local input. As demonstrated in previous correspondence, the City of Costa Mesa believes the profound inconsistency in forecasting growth demonstrates the failure of the methodology to consider local factors and future growth projections.

According to SCAG's Connect SoCal Plan, Technical Reports - Demographics and Growth Forecast Table 14, the City of Costa Mesa's household growth is forecast to reach 44,200 in 2045. Comparatively, the 2018 American Community Survey 5-Year Estimates show that the City of Costa Mesa currently has 41,019 households.

As shown in the table below, forecasts for households through 2045 are expected to be 44,200 according to the Connect SoCal Plan. If this is amortized over the forecast period (2016-2045), it equates to approximately 127 households per year of growth.

The City of Costa Mesa's Draft RHNA Allocation is 11,733 units for the period of 2021 to 2029. If this is amortized over the planning period (2021-2029), it equates to approximately 1,467 households per year growth.

This demonstrates the unrealistic assumption that the City of Costa Mesa would exceed its total 2045 forecast of household growth within 6.5 years of the 2021-2029 Housing Element planning period. More directly, the City of Costa Mesa would reach the household estimate for 2045 in approximately two years (23 years early).

Comparison of Household Growth Rates Connect SoCal vs RHNA					
Connect SoCal Forecast Growth	Connect SoCal Forecast Year	Growth Rate Per Year 2016 – 2045	RHNA Estimate Growth Need	RHNA Forecast Year	Growth Rate Per Year 2021 – 2029
3,181 units	2045	127 HH/yr	11,733 units	2016	1,467 HH/yr

Source: Connect SoCal Plan; 2021-2029 Final Draft RHNA Allocations

The City of Costa Mesa contends that the household formation defined in the Draft RHNA Allocation far exceeds any reasonable projection for growth during the 2021-2029 Housing Element planning period. SCAG's own 2045 growth forecast, stated in the Connect SoCal Plan is inconsistent and directly undermines the validity of the assumptions in the Draft RHNA Allocation.

The discrepancy demonstrates the Draft RHNA Allocation undermines Government Code Section 65584(d)(1) by failing to provide the distribution of units in an equitable manner. This is demonstrated by the household growth rate increased by a factor of 1,055 percent above Connect SoCal forecasts. The City of Costa Mesa contends that a realistic estimate of future growth need should be directly tied to realistic projections of household formation, consistent with SCAG's own projections in the Connect SoCal Plan.

In addition, the Methodology of redistributing units from residual need calculation fails to be equitably distributed at a regional level, undermining objectives listed in Government Code Section 65584(d).

On November 7, 2019, the Regional Council approved a substitute motion removing the household growth factor and significantly modifying the Draft RHNA Allocation methodology to shift approximately 44,000 units of residual RHNA Allocation from lower resourced jurisdictions (Anaheim, La Habra, Orange, Santa Ana and Stanton) to other higher-resourced jurisdictions in Orange County. As a result, Costa Mesa and other Orange County communities not designated as lower-resourced must accommodate the residual need. This effectively increases the City's obligations not based on the City's demonstrated local needs, but based upon the residual need left by these jurisdictions. This has artificially allocated 3,778 units of growth need to Costa Mesa, even when SCAG's own growth forecasts do not support this growth.

Further, the County of Orange is burdened with the redistribution of this residual need, when numerous other factors support the redistribution of the residual needs to areas not necessarily in the County. These factors include:

- **Failure to consider regional employment factors** – The methodology to redistribute housing growth is absent of regional factors in determining future growth. The methodology arbitrarily defines the county line rather than the regional influence of jobs to determine redistribution of units. This does not consider the influence of Los Angeles, Riverside, San Bernardino and San Diego counties when considering the proper distribution of these reallocated units.
- **Arbitrary reassignment of all need to Orange County jurisdictions only** – Costa Mesa and other Orange County communities not designated as lower resourced must accommodate the residual need. This effectively increases the City's obligations not based on the City's demonstrated local needs, but based upon the residual need left by these jurisdictions. This has artificially allocated 3,778 units of growth need to Costa Mesa, even when SCAG's own growth forecasts do not support this growth. Furthermore, the reassignment fails to consider adjacent communities not designated as lower-resourced that are located outside the boundaries of Orange County.

Freddie Mac's Housing Supply Report

"The Housing Supply Shortage: State of the States" released on February 27, 2020 by Freddie Mac, indicated that California has a housing shortage of approximately 6% or approximately 820,000 units based on long-term vacancy rates, migration (out of the state) and housing growth (total state housing units is referred to as 14,366,336 units on July, 2019). This number is over 500,000 units fewer than the SCAG's estimate of 1,341,827. The full report is available at this link:

<http://www.freddiemac.com/research/insight/20200227-the-housing-supply-shortage.page>

Using the housing shortage estimate of 820,000 units for the entire state of California (not just the SCAG region), and using that as the SCAG allocation, a conservative estimate for Costa Mesa's allocation should not exceed 7,170 units (draft allocation is 0.8744% of the total SCAG region allocation). In addition, compared to the 4th cycle RHNA, which had a much higher range through SCAG region than the 5th cycle, the City's RHNA allocation has been increased by 700 percent. In addition, SCAG has been allocated over 60% of the state's housing need, and using the 820,000 units estimate as for the State, a conservative estimate for Costa Mesa's allocation should not exceed 4,485 units (0.55% of the total State's allocation).

Study by the Embarcadero Institute

A study dated September 2020 by the Embarcadero Institute indicates that the State Department of Housing and Community Development exaggerated the state's housing

need by over 900,000 by using incorrect vacancy rates and double counting over-crowding and cost-burden. This study concludes that the six counties of southern California should have had a total of allocated 651,000 units instead of the 1,342,000 units which is more than one hundred percent increase. The full study is included at <https://embarcaderoinstitute.com/portfolio-items/double-counting-in-the-latest-housing-needs-assessment/>.

The study identifies substantial errors in the RHNA methodology, including:

- Incorrect use of a 5% benchmark vacancy rate for owner-occupied housing; for owner occupied housing, the study identifies 2.5% as the appropriate vacancy rate.
- Current vacancies were assumed to exist in household projections, which is an error in HCD's methodology as vacancies are already accounted for elsewhere in the methodology.
- Over-crowding and cost burdening were double counted in the RHNA methodology.

Both of these studies warrant re-evaluation of SCAG's methodology, particularly related to the vacancy data and the double-counting of over-crowding and cost burden, and the specific effects these errors have on Costa Mesa's allocation.

CONCLUSION

Pursuant to Government Code Section 65584.05(b), the City of Costa Mesa states the noted revisions to the Final Draft RHNA Allocation are necessary to further the intent of the objectives stated in Government Code Section 65584(d). The City of Costa Mesa is committed to accommodating the existing and future needs of its residents. While the City is committed to contributing to the collective local, regional and State needs for housing, the City has demonstrated that the Draft RHNA Allocation is unrealistic, excessive and based on assumptions that are without a reasonable basis and can have significant consequences to the City and its residents. Therefore, the City, respectfully objects to the Final Draft RHNA Allocation and methodology used and requests the RHNA Allocation be revised so that it fulfils the objectives identified in the Government Code.

The City is recommending the following allocations in keeping with the City's analysis of potential growth and availability of land that can feasibly be developed for housing.

Income Category	2008-2014 RHNA Cycle	2013-2021 RHNA Cycle	SCAG September 3, 2020 Final Draft RHNA Allocation	City of Costa Mesa Recommended RHNA Allocation
Very Low	353	1	2,912	1,456
Low	289	1	1,790	895
Moderate	330		2,084	1,042
Above Moderate	710		4,947	2,474
Total	1,682	2	11,733	5,867

Note: The City's recommendations are based on staff analysis of sites that can be feasibly developed for housing. It is not an indication of housing that can be feasibly expected to develop during the 6th cycle, based on market trends.

The City is respectfully submitting this appeal request for consideration of SCAG's RHNA Sub-Committee. In summary, the appeal request is based on the following factors:

- SCAG failed to adequately consider the information previously submitted by the City of Costa Mesa, which noted limited land areas for housing development in terms of vacant land, underutilized land, land owned by the State, proximity to John Wayne Airport and open space preserved areas.
- SCAG failed to consider the changed circumstances caused by the pandemic, which have disproportionately affected Costa Mesa including specific factors in the methodology like transit ridership and job accessibility. The RHNA methodology must be re-evaluated based on effects of the pandemic on office use, working from home, commuter trends and the impacts on transit use.
- SCAG also failed to consider recent studies that call into question fundamental assumptions made in the SCAG methodology that have drastically overestimated Statewide housing need.

Sincerely,



LORI ANN FARRELL HARRISON
City Manager
City of Costa Mesa

Attachments

Regional Housing Needs Assessment (RHNA) Local Planning Factor Survey

The RHNA process requires that SCAG survey its jurisdictions on local planning factors (formerly known as "AB 2158 factors") prior to the development of a proposed RHNA methodology, per Government Code 65584.04 (b). Information collected from this survey will be included as part of the proposed RHNA methodology.

Between October 2017 and October 2018, SCAG included these factors as part of the local input survey and surveyed a binary yes/no as to whether these factors impacted jurisdictions. If your jurisdiction answered this part of the survey, your reply has been pre-populated in the table. Please review each factor and provide any information that may be relevant to the RHNA methodology. You may attach additional information to the survey. Please keep in mind that recent housing-related legislation has updated some of the factors listed, which were not included in the prior survey.

Per Government Code Section 65584.04 (g), there are several criteria that **cannot** be used to determine or reduce a jurisdiction's RHNA allocation:

- (1) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by the jurisdiction
- (2) Underproduction of housing units as measured by the last RHNA cycle allocation
- (3) Stable population numbers as measured by the last RHNA cycle allocation

The planning factors in the table below are abbreviated. For the full language used, please refer to Government Code Section 65584.04 (e) or the attached reference list.

Please review and submit the survey by 5 p.m. April 30, 2019 to housing@scag.ca.gov.

RHNA Methodology Local Planning Factor Survey

Jurisdiction	Costa Mesa
County	Orange

Planning Factor	Impact on Jurisdiction
Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing	Yes. Housing is expected to grow by approximately 4.2% from 2016 to 2030. Likewise, job growth could grow by approximately 7% in the same time period. The growth of both housing and jobs will ensure that a healthy job to housing balance within the City exists. The City's jobs to housing balance exceeds 1.5 due to the educational cluster our community supports. Educational institutes like OCC, Vanguard University, UCI, and many others generate a space of artificially inflated job opportunities due to innovation and entrepreneurship near these institutions. To account for additional housing for such transient populations would be detrimental to the demand on the space within the City that these commercial or industrial uses need to grow and succeed.
Lack of capacity for sewer or water service due to decisions made outside of the jurisdiction's control	Yes. While aggressive regulations from the water districts which serve the City have been relaxed post-drought, water resources and allocation continue to be a concern throughout Southern California, an area historically subject to prolonged droughts.
Availability of land suitable for urban development	Yes. The City of Costa Mesa is 99% built out and, due to age of development within the City and the approximate life span of construction, the potential for redevelopment is limited. The two parcels most suitable for development are currently used for agricultural production and are already fully entitled including approved development agreements which dictate future development on the sites.

Lands protected from development under Federal or State programs	<p>Yes. The City contains state-owned properties containing uses for schools, development centers, and a fairgrounds including the OC Fairgrounds, Orange Coast College, the Fairview Developmental Center, as well as the Santa Ana Army Air Base.</p> <p>In addition, the City contains a Federally-listed endangered species (Salt marsh bird's beak), as well as several Federal species of concern (Southern tarplant, Coulter's goldfields, Aphanisma, South coast saltscale, Parish's brittlescale and Los Angeles sunflower).</p>
County policies to preserve agricultural land	No. While the City has two properties identified as agricultural resources, neither is identified as prime farmland.
Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation	No.
Agreements between a county and cities to direct growth to incorporated areas of the county	No. We do not have an urban growth boundary.

Loss of low income units through contract expirations	Yes. The City has lost a total of 88 units over the past 5 years due to contract expirations.
[NEW] Percentage of households that pay more than 30% and more than 50% of their income on rent	Yes. However, specific data regarding the percentage of households which pay more than 30% and more than 50% of their income on rent is not readily available.
[NEW] Rate of overcrowding	Yes.
Farmworker housing needs	No. Only two operating farms are located in the City of Costa Mesa. They have been operating for decades, the City's assumption is that farm workers have sufficient access to housing.

<p>Housing needs generated by the presence of a university campus within the jurisdiction</p>	<p>The City contains only one 4-year university (Vanguard University) and it provides dormitories for its students and is surrounded by a sufficient supply of multi-family housing. Other educational colleges/universities within the City are commuter-based or meant to serve the local population.</p>
<p>[NEW] Loss of units during a declared state of emergency that have yet to rebuilt at the time of this survey</p>	<p>No.</p>
<p>[NEW] The region's greenhouse gas emission targets provided by the California Air Resources Board</p>	<p>Meeting GHG standards in an area of the State with limited public transit continues to be a challenge for housing development throughout southern California.</p>
<p>Other factors</p>	



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

September 12, 2019

Southern California Association of Governments
Regional Housing Needs Assessment Subcommittee
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Dear RHNA Subcommittee,

The City of Costa Mesa appreciates the time and effort provided by the Southern California Association of Governments (SCAG) Board, the SCAG Committees and Subcommittees, and SCAG staff in its tireless efforts to address means to improve the supply of housing in California. The City of Costa Mesa remains committed to doing its part now and in the future related to addressing this important issue in compliance with housing element laws (Government Code Sections 6580-65598.8). The City of Costa Mesa thanks SCAG for encouraging cities to provide their feedback; and, as such, the City does want to highlight concerns about certain portions of the methodologies that are being proposed for the 6th Regional Housing Needs Assessment (RHNA) cycle that are above and beyond the projected growth in the current Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and will greatly impact the City's ability to remain compliant with state housing laws. The City of Costa Mesa respectfully offers the following points for consideration related to the three proposed distinct RHNA methodologies.

- The City requests that SCAG proceed with a methodology option which includes the highest level of local input.
- The City requests that the HQTAs used for this evaluation only include those that are permanent, multi-modal, and provide frequent service (15 minute or less headway) 7 days per week.
- The City requests that overcrowding not be assessed. Should SCAG determine to use this highly questionable and misinterpreted variable, the City requests that SCAG utilize a more appropriate and fact-based ratio.
- The City requests that the vacancy adjustment use a total unrounded vacancy rate which includes all subtypes in the appropriate methodology options.
- The City requests that allotment be distributed to all income types for existing need in the appropriate methodology options.
- The City requests that the methodologies increase their social equity adjustment as long as the comparison is based on a municipality's comparison to the county average for each jurisdiction.

- The City requests that the ratio of building permits per population not be used for allocation purposes.
- City requests that density not be used as an input. However, should it be used, that SCAG thoughtfully remove properties which are not developable.

The implementation of these additional comments will assist SCAG in its regional engagement and transparency goals.

Local Input is Critical

It is important to address housing needs for the betterment of all communities; however, without proper participation and feedback from local governments, future housing growth numbers will become unattainable, meaningless or, worse yet, potentially unjust. Even for responsible jurisdictions like Costa Mesa, committed to housing growth, who initiate overlays, urban plans, and new ordinances like the City's small lot ordinance to encourage housing development throughout the City, an unattainable allotment will potentially handicap the review authority on housing projects by allowing any housing project to be streamlined whether it is good for the community or not. Any proposed methodology should include local input, which is the foundation for SCAG's Connect SoCal Plan. The inclusion of local input ensures that the RHNA allocation is consistent with the development pattern of the Sustainable Communities Strategy (SCS).

A regional determination by the Department of Housing and Community Development (HCD) should be no higher than the 429,926 units identified by SCAG. The City appreciates SCAG's appeal of the recent regional housing need determination of 1,344,740 total units from the HCD. If HCD's determination is not successfully appealed it should only be in coordination with a per unit increase in funding for jurisdictions to provide subsidies for developers to supply additional housing units for all income levels. Regardless, a higher number than estimated makes collaboration with local agencies even more important.

Otherwise, municipalities will have no way to achieve the units required by a higher allocation and streamlined residential projects could be built that displace residents, change the character or sense of place of the communities, and even undermine the expedited process and collaborative environment that SCAG has been attempting to foster since creation. **The City of Costa Mesa requests that that SCAG proceed with a methodology option which includes the highest level of local input.**

Definition of High-Quality Transit Corridors is too Broad

SCAG has stated that using High-Quality Transit Corridors (HQTAs) to concentrate a portion of RHNA-required housing will focus development disproportionately on lower-income neighborhoods. This was discussed in the Proposed Methodology report attached to the agenda for a public hearing on August 1, 2019. SCAG also

acknowledged that the application of a social equity ratio would not be able to sufficiently address all of the potential impacts of increased development. If the increase in housing development exacerbates social inequality in current low-income housing areas more than the benefits of transit-oriented development within that same area, then those areas within such an HQTAs should not be used; despite the HQTAs complying with the description of high-quality transit corridors from SB375. To ensure that social injustice problems like those listed below do not occur SCAG should be conservative and cautious in its approach to what qualifies as a major transit stop. Any location within an HQTAs should have a significant enough transit presence to ensure that the benefits of developing additional housing near its transit stops are sufficient to justify the potential negative social impacts on the community.

- Displacement of existing tenants
- Gentrification
- Degradation of cultural continuity
- Loss of social networks that families in low-income neighborhoods rely upon; and
- Measurable health impacts from increased construction

Therefore, the City of Costa Mesa recommends that SCAG take a serious look at which areas are identified as major transit stops per SB375 and apply a more conservative approach. Specifically, SCAG should limit the proportionate allotment only to major transit locations which are permanent, multi-modal, and provide a frequency of service interval of 15 minutes every day as opposed to just weekdays. This will help to ensure that qualifying HQTAs have a substantial amount of infrastructure already in place to account for the future growth and provide mobility to all socioeconomic levels throughout the region. SCAG should consider areas served by more permanent public transit infrastructure. Bus stops are currently included; however, in Orange County bus stops and routes can be and frequently are removed by OCTA due to lack of ridership. In such cases, the result would be higher density housing with no connectivity to public transit. The SCAG methodology should limit its consideration of qualifying HQTAs to those areas served by public transit infrastructure which allows for a variety of modes because this provides a greater ability to address the needs and preferences of the potential residents and adds to the potential longevity of the identified transit stop. SCAG should consider areas served by a more frequent service schedule because if the City supports building very low-income housing in an area with no consistent or frequent option of public transit on weekends, the result would be the further isolation of disadvantaged members of the community, thereby restricting their access to the benefits of the region and spoiling the very intent of transit-oriented development.

Viable Alternatives

Potential solutions could include:

- 1) Reducing the number of HQTAs to those areas that are within a half-mile of more permanent, multi-modal, transit stops that have a higher level of daily service.
- 2) Create a weighted ratio that assigns a higher share to HQTAs with substantial public transit which meets the description in the first option and a lower proportion to HQTAs which meet only the minimum definition of major transit stops under SB375; or alternatively, at a minimum, embrace the existing methodology completely by modifying the HQTA locations to include those areas anticipated to be included within the next 8 years and exclude those which have falling ridership numbers and therefore may be closed or removed.

The City of Costa Mesa requests that the HQTA areas used for this evaluation only include those that are permanent, multi-modal, and provide frequent service.

Overcrowding Metric has Inherent Error

While housing overcrowding can be associated with substandard living conditions, a planning target seeking to entirely eliminate cohabitation would remove a form of housing safety net. That is, the ability to occasionally have additional persons such as a family member or friend in a housing unit in order to guard against further housing insecurity, up to and including homelessness. There are also strong cultural and demographic drivers of living arrangements (such as multi-generational living). A region's foreign-born population share is amongst the strongest predictors of a region's household overcrowding measure, in part due to differing cultural norms regarding multi-generational housing. Also, multiple definitions of overcrowding exist, including a 1.5 persons/room standard ("severe overcrowding") and measures which use occupants per unit size. Despite this variety, however, state law defines overcrowding as a strict 1.0 person/room standard. Furthermore, definitions of a "room" may not be universally applied and may vary based on the housing design characteristics, the character of a region's housing stock, American Community Survey (ACS) guidelines, and ultimately the opinion of what constitutes a "room" by the sample of householders responding to the ACS. Lastly, municipalities which have a disproportionate amount of university students may have an artificially high overcrowding number but this has to do with college students choosing to live in group living arrangements which is a social choice and is, therefore, not a sign of overcrowded housing supply. As a City that hosts two colleges and universities (OCC & Vanguard University) and is in close proximity to UC Irvine, Costa Mesa would be disproportionately and incorrectly impacted by this metric. **The City of Costa Mesa requests that overcrowding not be assessed and be excluded. Should SCAG determine to use this somewhat subjective and misinterpreted variable, the City requests that SCAG utilize a more appropriate and fact-based ratio or adjust ratios based on communities proximity to ratio altering uses like educational institutions.**

Vacancy Evaluation Should Include Total Vacancy Numbers

The total number of vacant units within each jurisdiction should be used to calculate the vacancy adjustment. SCAG is only using the sum of two subtypes of vacancy to analyze the need for additional vacancy information (For Rent and For Sale Only) but this disregards a large portion of the vacant housing stock within the community and excludes them based on their static description at the time of the ACS survey, which frequently changes and would likely change when market demand incentivizes owners to provide them as more traditional vacant units. Consider using all, or more than two, of the seven categories of vacant units to calculate the tenured vacancy rates (For Rent; Rented, Not Occupied; For Sale Only; Sold, Not Occupied; For Seasonal, Recreational, or Occasional Use; For Migrant Workers; Other Vacant). Since the raw data is available, in order to use the most accurate data possible during the RHNA process, unrounded vacancy rates for each jurisdiction should be calculated by using both tables DP04 and B25004 for use in the healthy market vacancy rate adjustments. **The City of Costa Mesa requests that the vacancy adjustment use a total unrounded vacancy rate, which includes all seven subtypes of available housing in the appropriate methodology options for the most accurate assessment possible.**

Distribution of Existing Need should be Over All Income Categories

The proposed redistribution of the existing need solely to lower- and moderate-income categories is not consistent with past practice and will set up jurisdictions for failure when attempting to develop a compliant Housing Element. It also is not accurate in the proportionate needs that each community has for all housing types. **The City of Costa Mesa requests that the proportion allocated to cities to address the Existing Need identified in the associated methodologies be distributed to all income types (Very-Low, Low, Moderate, and Above Moderate income).**

Costa Mesa Supports a Higher Social Equity if Measured Against the County Average

To avoid perpetuating historical patterns of segregation in consideration of affirmatively furthering fair housing, the City supports a higher social equity adjustment (of 175 percent or 200 percent) in all options across all segments, so long as the basis of the adjustment is the county sub-region in which the jurisdiction is located. There are few cases in any of the proposed methodologies that cities get credit for existing conditions which are already exceeding the assigned thresholds. Credit should be considered for other variables that go into this methodology. For example, making sure that cities which have a disproportionately higher ratio of lower-income properties than other cities within their county should receive a credit for this existing condition and could be provided more flexibility on housing of all income types. This will result in a more equitable spatial distribution of the lower-income housing need and ensure that existing communities which have an above average amount of lower-income housing types are not beset with additional low-income allotments which would further exacerbate spatial

inequality. **The City of Costa Mesa requests that the methodologies increase their social equity adjustment as long as the comparison is based on a municipality's comparison to the county average for said jurisdiction.**

Building Permits per Population should not be Used

The use of building-permits-by-population ratio should not be included. This approach increases ambiguity because each City determines a slightly different threshold to count its "final" permit. The use of this ratio causes substantial measurement error because of the lack of accuracy since this dataset was never reviewed for a high level of accuracy by all cities within the SCAG region. This ratio is a questionable unit of analysis to measure supply provided by cities across the entire SCAG region because a single permit can, and frequently does, account for multiple dwelling units. The result being, total building permits are frequently not a one-to-one relationship with new dwelling units and therefore building permits have no practical relationship to the population, which would be served by new housing. This ratio does not pass a proportionate test since one would not say that two cities with the same number of permits and the same population are proportionate if one community is more urban, has less public transit, less land, newer developments, more valuable regional retail, etc. For one community the number of permits achieved maybe more significant than the other. This ratio provides a false unit of analysis that attempts to compare cities in a way which generates more uncertainty than assistance. **The City of Costa Mesa requests that the ratio of building permits per population not be used for allocation purposes and excluded from all methodologies.**

Remove Land Areas Not Compatible with Residential Uses from Density Calculation

Where density calculations are assessed for distribution of housing allocation, the total area of a jurisdictional boundary should not be used. Though density is not currently used as an input in any of the current methodologies and OCCOG is not supporting the use of density as an input, if SCAG ultimately incorporates density into the selected methodology, some land uses should be removed from the total area within the jurisdiction so the density calculation properly reflects population density in developable/usable areas. For example, areas and land uses that are permanently protected open space, military bases, flood channels, local parks, and active state property should not be counted. **The City of Costa Mesa requests that density not be used as an input. However, should it be used, the City requests that non-developable land be excluded from the calculation.**

Administrative Comments to Assist with Regional Engagement

One of SCAG's goals throughout the RHNA process has been transparency. To assist with this, the City of Costa Mesa agrees with several comments provided by the Center for Demographic Research at CSU Fullerton. First, we strongly agree that a track

changes document be provided that is based on the changes made since publication of the documents for the public comment period. Second, SCAG should provide the definition of "high resource areas" in the methodology document to help ensure transparency and accuracy. Third, please clarify whether the 2019 DOF population was developed at the SCAG TAZ level and is being used or if the RTP TAZ/local input data for year 2016 was used. Please republish the Proposed RHNA Allocation Methodology Technical Data Appendix and RHNA calculator after corrections are made. SCAG should always allow time for review of new factors or methodologies. The City also strongly encourages SCAG to outline the appeals and redistribution process. **The implementation of these additional comments will assist SCAG in its regional engagement and transparency goals.**

Conclusion

The RHNA process is of utmost importance to the State of California, the Six County SCAG region, the County of Orange and each city in the County, including the City of Costa Mesa. To that end, the City of Costa Mesa want to ensure all stake holders can engage in the public outreach process to ensure concerns are heard and hopefully addressed. At this stage of the process, the City supports option number 3 due to its substantial local input, streamlined methodology, and practical allotment of dwelling units.

Senate Bill (SB) 166 requires local jurisdictions to continually update their housing elements and General Plans to ensure their housing elements always identify sufficient sites for potential development to meet the assigned goals to house families and individuals in the different income categories. This is a challenge since local jurisdictions rely on private housing developers to build housing mostly based on local market conditions. Accordingly, local jurisdictions cannot fully control how or when a property is developed. Local jurisdictions with limited land capacity and high RHNA allocations will find it nearly impossible to comply with State law unless developers always build at the maximum density allowed on the site, which is not always financially feasible.

With the dissolution of redevelopment agencies, the available funding for affordable housing subsidies has diminished and cities and counties are struggling to meet their RHNA targets. Hopefully, recently enacted funding measures will spur the development of more affordable housing throughout California and result in RHNA targets that are more attainable. Nevertheless, the City of Costa Mesa remains committed to doing its part to address means to improve the supply of housing in California in compliance with Housing Element laws and appreciates the opportunity to provide comments as part of the RHNA process. Thank you for your consideration of the City's comments related to the proposed RHNA determination and methodologies. We stand ready to be partners in the development of RHNA allocations to meet our collective goals.

SGAG Regional Housing Needs Assessment Subcommittee
September 12, 2019
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Sincerely,

A handwritten signature in blue ink, appearing to read "Lori Ann Farrell Harrison". The signature is fluid and cursive, with the first name "Lori" being the most prominent.

LORI ANN FARRELL HARRISON
City Manager



CITY OF COSTA MESA

P.O. BOX 1200, COSTA MESA, CALIFORNIA 92628-1200

FROM THE OFFICE OF THE CITY MANAGER

October 4, 2019

Southern California Association of Governments
Regional Housing Needs Assessment Subcommittee
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Dear RHNA Subcommittee,

The City of Costa Mesa appreciates the time and effort provided by the Southern California Association of Governments (SCAG) Board, the SCAG Committees and Subcommittees, and SCAG staff in its tireless efforts to help improve the supply of housing in California. The City of Costa Mesa remains committed to doing its part in addressing this important issue in compliance with housing element laws (Government Code Sections 6580-65598.8). However, the City is concerned about the methodologies that SCAG is proposing for the 6th Regional Housing Needs Assessment (RHNA) cycle that are above and beyond the projected growth in the current Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and will greatly impact the City's ability to remain compliant with state housing laws. As such, the City of Costa Mesa offers the following points for consideration related to the revised RHNA methodology proposed by SCAG staff.

- The City requests information of the datasets within the recently proposed fourth methodology including the data used to represent job accessibility and resource availability.
- The City requests clarification on the new steps within the methodology discussed at the September 23, 2019, RHNA Subcommittee workshop. Specifically, the City is requesting information and an explanation of the "residual" Adjustment Factor for Existing Need in Step 2d, and the Affirmatively Furthering Fair Housing (AFFH) Adjustment in Step 3.
- The City is concerned with the introduction of new datasets, new steps within the added methodology, and the lack of transparency, analysis and public review to accompany such modifications.
- The City requests that the High-Quality Transit Corridor (HQTA) areas used for this evaluation only include those stations/stops that are permanent, multi-modal, and provide frequent service (15 minute or less headway) 7 days per week for the reasons set forth in our September 12, 2019 letter commenting on the then-proposed methodologies.
- The City requests a high-level publicly available recap of the comments, questions, and concerns raised by over 100 agencies that responded to SCAG's request for comments.

Information on datasets used within any methodology should be available.

The addition of new datasets to be used to calculate the allotment of housing assigned to each city is a problem for SCAG's goals of transparency. Spending the entire public review period investigating three methodologies only to submit an additional methodology that not only changes the parameters of datasets previously used but incorporates additional datasets that were not discussed during the public review period is not providing a transparent process. The City requests that the data and its metadata be provided with a sufficient review period to allow the City to conduct a thorough assessment of the impacts of using this dataset. This data has not been used for this purpose in the past and therefore should be evaluated for this purpose.

The City of Costa Mesa requests additional information on the two additional datasets and time to evaluate their impacts to the methodology.

Additional steps within a new methodology should be supported by a detailed explanation.

While it is an expectation of any public review period that the agency overseeing a methodology would modify components of the process to address concerns received during outreach; it is not typical to have additional modules, never previously discussed, included into a process without a detailed explanation as to the value added by incorporation, what the impacts are to the overall outcome of the model, and a detailed explanation as to the exact implementation. For example, we do not know if the 30-minute car commute included into the job accessibility heat map is based on travel during peak hours, incorporating time lost to traffic, or based on a simple distance times speed-limit calculation. It is unclear at what spatial resolution the opportunity indices are being evaluated and at what resolution it is being compared to job accessibility and HQTAs for the residual distribution. It is unclear if the job accessibility data is creating a thirty-minute buffer from each TAZ or from each jurisdiction. It is unclear whether SCAG staff assessed the margin of error in aggregating job accessibility data to geopolitical boundaries when it is more closely associated with sub-market boundaries to ensure that the error does not exceed the potential benefit of using this dataset in this way.

The City of Costa Mesa requests a detailed methodology that explains the process to the point that it could be duplicated by the City and the City would generate the same response.

The public and jurisdictions should be provided with sufficient information and time to evaluate any newly proposed methodologies.

Since additional datasets have been incorporated into the proposed methodology and several steps have been modified or added, the City is hereby requesting the above information and additional time be included in the process to allow the City to evaluate incorporation of this new information to ensure that these additions increase the accuracy of this model representing housing need. If individual members that do not represent cities feel that

individual cities should be able to make a determination on the methodology without consideration to the outcome, then jurisdictions should definitely be able to expect explicit and exhaustive details on the proposed methodology regarding standards, proven parameters, dataset selections, and formulas. Any process devoid of a reasonable degree of transparency and public input calls into question the true integrity of the process, which we believe is not the desired intent.

The City of Costa Mesa requests additional time equal to the previous public review period to evaluate the new methodology which is using new data and new steps and components.

Definition of High-Quality Transit Corridors is Too Broad

SCAG has stated that using HQTAs to concentrate a portion of RHNA-required housing will focus development disproportionately on lower-income neighborhoods. This was discussed in the Proposed Methodology report attached to the agenda for a public hearing on August 1, 2019. SCAG also acknowledged that the application of a social equity ratio would not be able to sufficiently address all of the potential impacts of increased development. If the increase in housing development exacerbates social inequality in current low-income housing areas more than the benefits of transit-oriented development within that same area, then those areas within such an HQTA should not be used; despite the HQTA complying with the description of high-quality transit corridors from SB375. To ensure that social injustice problems like those listed below do not occur, SCAG should be conservative and cautious in its approach to what qualifies as a major transit stop. Any location within an HQTA should have a significant enough transit presence to ensure that the benefits of developing additional housing near its transit stops are sufficient to justify the potential negative social impacts on the community including:

- Displacement of existing tenants;
- Gentrification;
- Degradation of cultural continuity;
- Loss of social networks that families in low-income neighborhoods rely upon; and
- Measurable health impacts from increased construction.

Therefore, the City of Costa Mesa recommends that SCAG take a serious look at which areas are identified as major transit stops per SB375 and apply a more conservative approach. Specifically, SCAG should limit the proportionate allotment only to major transit locations which are permanent, multi-modal, and provide a frequency of service interval of 15 minutes every day as opposed to just weekdays. This will help to ensure that qualifying HQTAs have a substantial amount of infrastructure already in place to account for the future growth and provide mobility to all socioeconomic levels throughout the region. SCAG should consider areas served by more permanent public transit infrastructure. Bus stops are currently included; however, in Orange County bus stops and routes can be and frequently are removed by OCTA due to lack of ridership. In such cases, the result would be higher density housing with no connectivity to public transit. The SCAG methodology should limit its consideration of

qualifying HQTAs to those areas served by public transit infrastructure which allows for a variety of modes because this provides a greater ability to address the needs and preferences of the potential residents and adds to the potential longevity of the identified transit stop. SCAG should consider areas served by a more frequent service schedule because if the City supports building very low-income housing in an area with no consistent or frequent option of public transit on weekends, the result would be the further isolation of disadvantaged members of the community, thereby restricting their access to the benefits of the region and spoiling the very intent of transit-oriented development.

Viabile Alternatives

Potential solutions could include:

- 1) Reducing the number of HQTAs to those areas that are within a half-mile of more permanent, multi-modal, transit stops that have a higher level of daily service.
- 2) Create a weighted ratio that assigns a higher share to HQTAs with substantial public transit which meets the description in the first option and a lower proportion to HQTAs which meet only the minimum definition of major transit stops under SB375; or alternatively, at a minimum, embrace the existing methodology completely by modifying the HQTA locations to include those areas anticipated to be included within the next 8 years and exclude those which have falling ridership numbers and therefore may be closed or removed.

The City of Costa Mesa requests that the HQTA areas used for this evaluation only include those that are permanent, multi-modal, and provide frequent service.

Additional Items in previous comment letters which are still relevant.

Furthermore, the City of Costa Mesa re-iterates the following points for consideration.

- The City requests that the vacancy adjustment use a total unrounded vacancy rate which includes all subtypes in the appropriate methodology options.
- City requests that density not be used as an input. However, should it be used, that SCAG thoughtfully remove properties which are not developable.
- The City requests that SCAG proceed with a methodology option which includes the highest level of local input.

Vacancy Evaluation Should Include Total Vacancy Numbers

The total number of vacant units within each jurisdiction should be used to calculate the vacancy adjustment. SCAG is only using the sum of two subtypes of vacancy to analyze the need for additional vacancy information (For Rent and For Sale Only) but this disregards a large portion of the vacant housing stock within the community and excludes them based on their static description at the time of the ACS survey, which frequently changes and would likely change when market demand incentivizes owners to provide them as more traditional vacant units. Consider using all, or more than two, of the seven categories of vacant units to

calculate the tenured vacancy rates (For Rent; Rented, Not Occupied; For Sale Only; Sold, Not Occupied; For Seasonal, Recreational, or Occasional Use; For Migrant Workers; Other Vacant). Since the raw data is available, in order to use the most accurate data possible during the RHNA process, unrounded vacancy rates for each jurisdiction should be calculated by using both tables DP04 and B25004 for use in the healthy market vacancy rate adjustments. **The City of Costa Mesa requests that the vacancy adjustment use a total unrounded vacancy rate, which includes all seven subtypes of available housing in the appropriate methodology options for the most accurate assessment possible.**

Remove Land Areas Not Compatible with Residential Uses from Density Calculation

Where density calculations are assessed for distribution of housing allocation, the total area of a jurisdictional boundary should not be used. Though density is not currently used as an input in any of the current methodologies and OCCOG is not supporting the use of density as an input, if SCAG ultimately incorporates density into the selected methodology, some land uses should be removed from the total area within the jurisdiction so the density calculation properly reflects population density in developable/usable areas. For example, areas and land uses that are permanently protected including open space, military bases, flood channels, local parks, and active state property should not be counted. **The City of Costa Mesa requests that density not be used as an input. However, should it be used, the City requests that non- developable land be excluded from the calculation.**

Local Input is Critical

It is important to address housing needs for the betterment of all communities; however, without proper participation and feedback from local governments, future housing growth numbers will become unattainable, meaningless or, worse yet, potentially unjust. Even for responsible jurisdictions like Costa Mesa, that are committed to housing growth, who initiate overlays, urban plans, and new ordinances like the City's small lot ordinance to encourage housing development throughout the City, an unattainable allotment will potentially handicap the review authority on housing projects by allowing any housing project to be streamlined whether it is good for the community or not. Any proposed methodology should include local input, which is the foundation for SCAG's Connect SoCal Plan. The inclusion of local input ensures that the RHNA allocation is consistent with the development pattern of the Sustainable Communities Strategy (SCS).

A regional determination by the Department of Housing and Community Development (HCD) should be no higher than the 429,926 units identified by SCAG. The City appreciates SCAG's appeal of the recent regional housing need determination of 1,344,740 total units from the HCD. If HCD's determination is not successfully appealed it should only be in coordination with a per unit increase in funding for jurisdictions to provide subsidies for developers to supply additional housing units for all income levels. Regardless, a higher number then estimated makes collaboration with local agencies even more important.

Otherwise, municipalities will have no way to achieve the units required by a higher allocation and streamlined residential projects could be built that displace residents, change the character or sense of place of the communities, and even undermine the expedited process and collaborative environment that SCAG has been attempting to foster since creation.

The City of Costa Mesa requests that that SCAG proceed with a methodology option which includes the highest level of transparency and local input.

Administrative Comments to Assist with Regional Engagement

One of SCAG's goals throughout the RHNA process has been transparency. To assist with this, the City of Costa Mesa agrees with several comments provided by the Center for Demographic Research at CSU Fullerton. First, we strongly agree that a track changes document should be provided that is based on the changes made since publication of the documents for the public comment period. Second, please clarify whether the 2019 DOF population was developed at the SCAG TAZ level and is being used or if the RTP TAZ/local input data for year 2016 was used. Please republish the Proposed RHNA Allocation Methodology Technical Data Appendix and RHNA calculator after corrections are made. SCAG should always allow time for review of new factors or methodologies. The City also strongly encourages SCAG to outline the appeals and redistribution process. **The implementation of these additional comments will assist SCAG in its regional engagement and transparency goals.**

Conclusion

The RHNA process is of utmost importance to the State of California, the six county SCAG region, the County of Orange and the City of Costa Mesa, as well as all 34 Orange County cities. To that end, the City of Costa Mesa wishes to ensure all stakeholders can engage in the public outreach process to ensure concerns are heard and more importantly addressed.

Senate Bill (SB) 166 requires local jurisdictions to continually update their housing elements and General Plans to ensure their housing elements identify sufficient sites for potential development to meet the assigned goals to house families and individuals in the different income categories. This is a challenge since local jurisdictions rely on private housing developers to build housing mostly based on local market conditions. Accordingly, local jurisdictions cannot fully control how or when a property is developed. Local jurisdictions with limited land capacity and high RHNA allocations will find it nearly impossible to comply with State law unless developers always build at the maximum density allowed on the site, which is not always financially feasible.

With the dissolution of redevelopment agencies, the available funding for affordable housing subsidies has diminished and cities and counties are struggling to meet their RHNA targets. Hopefully, recently enacted funding measures will spur the development of more affordable housing throughout California and result in RHNA targets that are more attainable. Nevertheless, the City of Costa Mesa remains committed to doing its part to address means to improve the supply of housing in California in compliance with Housing

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October 4, 2019
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Element laws and appreciates the opportunity to provide comments as part of the RHNA process. Thank you for your consideration of the City's comments related to the proposed RHNA determination and methodologies. We stand ready to be partners in the development of RHNA allocations to meet our collective goals. However, to be viable, this partnership will require transparency and the timely sharing of information for years to come. We hope that SCAG will improve the transparency associated with the newly proposed fourth methodology so that we can plan together for a better future for all citizens of this important region.

Sincerely,

 Justin Martin Acting Assistant City Manager
for:

LORI ANN FARRELL HARRISON
City Manager
City of Costa Mesa



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

November 06, 2019

Southern California Association of Governments
Regional Council
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Dear Regional Council,

The City of Costa Mesa appreciates the time and effort provided by the Southern California Association of Governments (SCAG) Board, the SCAG Committees and Subcommittees, and SCAG staff in its tireless efforts to address means to improve the supply of housing in California. The City of Costa Mesa remains committed to doing its part in addressing this important issue in compliance with housing element laws (Government Code Sections 6580-65598.8). The City understood and supported the methodology approved and proposed by the RHNA Subcommittee and the CEHD Committee. To see that participants are still attempting to provide alternative methodology's is concerning.

Local Input is Critical

It is important to address existing and future housing needs for the betterment of all communities; however, without proper participation, community expertise, and feedback from local governments, future housing growth numbers will become unattainable and meaningless or, worse yet, potentially unjust and counterproductive. Even for responsible jurisdictions like Costa Mesa, committed to housing growth, who initiate overlays, urban plans, and new ordinances like the City's residential incentive overlay or the updated small lot ordinance to encourage housing development throughout the City, an unattainable allotment could potentially handicap the review authority on housing projects by allowing any housing project to be streamlined whether it is good for the community or not. Any proposed methodology should include local input, which is the foundation for SCAG's Connect SoCal Plan. The inclusion of local input ensures that the RHNA allocation is consistent with the development pattern of the Sustainable Communities Strategy (SCS). Local input does not just treat communities like bitcoins with a single datum stored within, but each as a vibrant community which has for more indicators to consider than 45-minute commute time to a job center or proximity to bus stops with 15-minute headways. This is why the City of Costa Mesa supports the methodology approved and recommended by the RHNA Subcommittee and CEHD Committee. Please maintain our local input as Executive Director Ajise stated last month in the following quote:

"There's been a lot of talk about local input, and I think (at least in my understanding of what I hear back from people), there's a gross misunderstanding of what that [local input] is. It's the basis of our regional conformity, in terms of Clean Air Act modeling. It's the basis for our regional transportation planning process. That is the basis for most of the general planning out there that we see. And a lot of CEQA analysis that is done is based on our regional model. We take that very seriously, because we are stewards of the region's modeling capacity and so this is not something that we do lightly. The process and the effort that goes into the local input process is something that took for this cycle for regional planning about two years to build with a lot of input across the region and from expert panels. So local input is not just this aggregation of local thoughts and needs and desires, as people might want to summarize it." - Kome Ajise

RHNA Subcommittee Meeting 10-7-2019

Residuals should be distributed Region Wide

Keeping residuals within the county they came from does not make sense. What makes it more appropriate for a city within the same county to bear the burden of the delta between projected growth and the state's allotment for another city in a random geopolitical boundary as opposed to distributing that additional housing allotment across the entire region? It actually is more equitable to distribute the unanticipated burden across the entire region.

Riverside Comment Letter

This section is directly speaking to the November 1, 2019 comment letter SCAG received from Cities and County of Riverside. Riverside's "New Alternative" causes great concern for several reasons. First, it completely removes any local input from the Existing Need calculation. Second, it creates a dramatic measurement error because it overstates the importance of barely qualifying high quality transit corridor bus stops. Third, it creates an over-emphasis on job centers that may result in more job loss than proportionate housing gain. Fourth, keeping residuals within the county they come from disproportionately impacts counties with diverse intensities and densities. To provide a frame of reference this methodology would require the City of Costa Mesa, which currently has around 43,000 dwelling units, to increase their housing by 12,086 units. This is a 28% increase within one RHNA Cycle. This is an absurd expectation for a City which is 97% built out.

Thank you for your consideration of the City's comments related to the proposed draft RHNA methodology.

Sincerely,



Barry Curtis, AICP
Director of Economic and Development Services



CITY OF COSTA MESA

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DEVELOPMENT SERVICES DEPARTMENT

March 5, 2020

Kome Ajise, Executive Director
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

RE: Request to the Southern California Association of Governments (SCAG) to Amend the Regional Housing Needs Assessment (RHNA) Methodology for the 6th Cycle

Dear Mr. Ajise:

The City of Costa Mesa requests that SCAG amend the RHNA methodology to reinstate local input as a factor in the existing need. The City of Cerritos recently submitted a proposal dated February 4, 2020, which recommends that household growth forecasts be reintroduced back into the calculations for the existing need as follows: household growth (33.3%), job accessibility (33.3%), and population within high quality transit areas (33.3%). These household growth projections are an important factor in that it takes into consideration the unique characteristics of each jurisdiction. Moreover, these growth projections more closely align the RHNA with the development pattern established within Connect SoCal as required by state statute. Finally, as stated in the staff-recommended RHNA methodology staff report for the November 7, 2019, Regional Council meeting, the reintroduction of household growth into the existing need would further the five objectives of state housing law.

Furthermore, we are also requesting that SCAG object again to the Department of Housing and Community Development (HCD) in that they did not follow state law with the regional determination [see Government Code Section 65584.01(a)]. Even the Department of Finance recently updated its population projections and show a significant decrease since their previous forecast. Governor Newsom has also stated that his commitment to building 3.5 million homes by 2025 was a "stretch goal" and that the state would soon be releasing a more pragmatic estimate of the housing needs by region. The regional determination of 1.34 million housing units combined with an inequitable RHNA methodology are setting up local jurisdictions for failure to comply with state housing law.

We request that the RHNA Subcommittee, CEHD Policy Committee, and Regional Council consider these two recommendations prior to the adoption of the RHNA methodology. We recognize that there are time constraints established by state law; however, the 6th Cycle RHNA will have significant impacts on jurisdictions over the next decade and longer. Therefore, it is imperative that the RHNA be finalized in a way that is equitable and attainable in responding to the state's housing shortfall.

Sincerely,

Barry Curtis, AICP
Director of Economic and Development Services